

Pepper Hamilton LLP
Attorneys at Law

3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103-2799
215.981.4000
Fax 215.981.4750

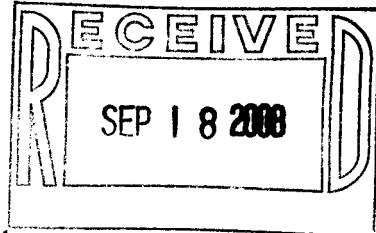
Ivan B. Knauer
direct dial: 202-220-1200
knaueri@pepperlaw.com

September 17, 2008

Via Hand Delivery

The Honorable Jan E. Dubois
United States District Court for the
Eastern District of Pennsylvania
United States Courthouse
601 Market Street, Room 12613
Philadelphia, PA 19106-1721

FILED
SEP 23 2008
MICHAEL E. KUNZ, Clerk
By _____ Dep. Clerk



**Re: Securities and Exchange Commission v. Liberty, et al.
No. 06-1030**

Dear Judge Dubois:

This is a joint report pursuant to this Court's June 18, 2008 Order. As you know, the parties in the above action have reached a settlement in principle to resolve this matter. Since our last joint report, the parties have continued to work diligently towards finalizing this settlement. Mr. Liberty has signed an updated Consent for Release of Consumer Credit Report and provided it to the staff of the Securities and Exchange Commission (the "Staff"). The Staff has reviewed the numerous forensic accounting schedules regarding Mr. Liberty's financial situation that Mr. Liberty had provided previously; and Mr. Liberty is in the process of reviewing these schedules with his accountants so they can be finalized as of a current date. The parties have also agreed on a form of Consent of Michael Liberty to Final Judgment and a Final Judgment as to Michael Liberty. Once the final accounting schedules have been provided to and reviewed by the Staff, any settlement must be reviewed and approved by the full Commission in Washington, D.C. In light of this, the parties jointly request that the Court continue this case for an additional 90 days, at which time the parties will report to the Court regarding the status of the settlement.

Respectfully submitted,


Ivan B. Knauer

cc: Kingdon Kase, Esquire
(*Via E-Mail*)

Philadelphia

Boston

Washington, D.C.

Detroit

New York

Pittsburgh

Berwyn

Harrisburg

Orange County

Princeton

Wilmington